

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 02869 130749Z

50

ACTION NEA-09

INFO OCT-01 ISO-00 EUR-12 FRB-01 PA-02 PRS-01 USIA-15

TRSE-00 H-02 SS-15 NSC-05 CIAE-00 INR-07 NSAE-00

OMB-01 EB-07 /078 W

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R 130711Z MAY 75

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 6629

UNCLAS TEL AVIV 2869

E.O.11652: N/A

TAGS: EFIN, IS

SUBJECT: ISRAEL-BRITISH BANK(LONDON) LTD. (IBB)

REF: TEL AVIV 2587 AND PREVIOUS

ISRAELI MEDIA REPORTS THAT COMMITTEE HEADED BY ATTORNEY
GENERAL SHAMGAR PRESENTED A REPORT TO PRIME MINISTER MAY 11
CRITICIZING BANK OF ISRAEL(BOI) FOR FAILING TO TAKE COMPLETE,
DECISIVE,
AND TIMELY STEPS TO PREVENT THE IBB FROM VIOLATING BANKING
REGULATIONS. HOWEVER,COMMITTEESTATED THAT IBB COLLAPSE
WAS INEVITABLE BECAUSE \$47 MILLION HAD BEEN ILLEGALLY
TRANSFERRED ABROAD IN SUCH A SOPHISTICATED FASHION THAT IT
WAS EXTREMELY DIFFICULT TO DETECT. THIS EXPLAINED HESITANCY
BOI TO PROCEED AGANST IBB FOR WHAT APPEARED TO BE PRO-
CEDURAL VIOLATIONS. COMMITTEE RECOMMENDED CHANGES IN
ISRAEL'S BANK CONTROL PROCEDURES, TRANSFERRING SUPERVISION
OF FOREIGN EXCHANGE OPERATIONS FROM MINISTRY OF FINANCE
TO BANK OF ISRAEL AND ALSO IMPROVING INSPECTION AN
CONTROL PROCEDURES.
VELIOTES

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Message Attributes

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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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